

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: County of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$8,000,000

Project Information:
Name: Palm View Apartments
Project Address: 980 N. Palm Avenue
Project City, County, Zip Code: West Hollywood, Los Angeles, 90069

Project Sponsor Information:
Name: 980 North Palm, L.P. (Actors Fund 980 North Palm, LLC; and Kingdom 980 North Palm, LLC)
Principals: Joseph Benincasa for Actors Fund 980 North Palm, LLC; and William Leach for Kingdom 980 North Palm, LLC
Property Management Company: The Levine Group

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: JPMorgan Chase Bank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 6, 2019
TEFRA Adoption Date: February 19, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 40
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family/Special Needs

Palm View Apartments is an existing project located in West Hollywood on a 0.57-acre site. The project consists of 39 restricted rental units and 1 unrestricted manager unit distributed as 29 one-bedroom units and 11 two-bedroom units. Building exterior renovations will include siding/stucco repair, roof replacement, patio/balcony repair, new windows, new HVAC and fresh paint. Interior renovations will include new appliances for the community kitchen. Apartment unit renovations will include new kitchen appliances, new bathroom plumbing fixtures, new kitchen and bathroom countertops and cabinets, new flooring, lighting and window coverings, electrical upgrades and fresh paint. Site renovations will include new security lighting, new signage, re-paving and re-slurry of parking lots, concrete walkway repair/replacement, and improvements to landscaping and drainage. Four units will be updated to comply with ADA accessibility requirements. The rehabilitation is expected to begin in September 2019 and be completed in March 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

72% (28 units) restricted to 50% or less of area median income households.

28% (11 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 17,268,598	
Estimated Hard Costs per Unit:	\$ 105,242	(\$4,209,699 /40 units including mgr. unit)
Estimated per Unit Cost:	\$ 431,715	(\$17,268,598 /40 units including mgr. unit)
Allocation per Unit:	\$ 200,000	(\$8,000,000 /40 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 205,128	(\$8,000,000 /39 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 8,000,000	\$ 3,032,390
LIH Tax Credit Equity	\$ 1,721,785	\$ 5,412,763
The Actors Fund Assumed Loan	\$ 4,122,411	\$ 4,122,411
Deferred Developer Fee	\$ 0	\$ 276,632
City of West Hollywood Assumed Loan	\$ 1,783,552	\$ 1,783,552
County of Los Angeles Assumed Loan	\$ 1,640,850	\$ 1,640,850
County of Los Angeles Loan B	\$ 0	\$ 1,000,000
Total Sources	\$ 17,268,598	\$ 17,268,598

Uses of Funds:	
Land Cost/Acquisition	\$ 7,546,813
Rehabilitation	\$ 4,582,763
Relocation	\$ 80,000
Contractor Overhead & Profit	\$ 356,982
Architectural Fees	\$ 120,000
Construction Interest and Fees	\$ 269,042
Permanent Financing	\$ 105,000
Legal Fees	\$ 205,000
Reserves	\$ 311,307
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 493,975
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,292,203
Developer Costs	\$ 1,890,513
Total Uses	\$ 17,268,598

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

70 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$8,000,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	5
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	70